

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA  
DOCKET NO. 2016-180-C**

IN RE:

Application of South Carolina Telecommunications Group )  
Holdings, LLC d/b/a Spirit Communications To Amend )  
its Certificate of Public Convenience and Necessity To )  
Provide Facilities-Based and Resold Local Exchange, and )  
for Flexible Regulation of its Local Exchange Services )  
\_\_\_\_\_ )

**DIRECT TESTIMONY OF MICHAEL D. BALDWIN  
ON BEHALF OF SOUTH CAROLINA TELECOMMUNICATIONS GROUP  
HOLDINGS, LLC d/b/a SPIRIT COMMUNICATIONS**

**JUNE 17, 2016**

1                   **DIRECT TESTIMONY OF MICHAEL D. BALDWIN**  
2                   **ON BEHALF OF SOUTH CAROLINA TELECOMMUNICATIONS GROUP**  
3                   **HOLDINGS, LLC d/b/a SPIRIT COMMUNICATIONS**  
4

5       **Q.   PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

6       A.   My name is Michael D. Baldwin. My business address is 1500 Hampton Street,  
7           Columbia, South Carolina 29201.

8  
9       **Q.   ON WHOSE BEHALF ARE YOU PROVIDING YOUR TESTIMONY TODAY?**

10      A.   I am testifying on behalf of South Carolina Telecommunications Group Holdings, LLC  
11           d/b/a/ Spirit Communications (“SCTG” or the “Company”).  
12

13      **Q.   BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?**

14      A.   I am employed by SCTG, LLC, which is the parent company of SCTG. My position is  
15           the Vice President of Business Development, Regulatory, Legal Affairs and Human  
16           Resources for SCTG, LLC.  
17

18      **Q.   PLEASE OUTLINE YOUR EDUCATIONAL BACKGROUND AND**  
19           **PROFESSIONAL LICENSURES.**

20      A.   I received my Juris Doctorate from Vermont Law School, my Masters of Business  
21           Administration from Rutgers University, and my Bachelors of Science degree in  
22           Mechanical Engineering from Villanova University. I am a licensed attorney in the State

1 of Vermont, and I am certified to practice law in South Carolina as an in-house corporate  
2 counsel. I am also a registered patent attorney with the U.S. Patent and Trade Office.

3  
4 **Q. PLEASE OUTLINE YOUR EXPERIENCE IN THE TELECOMMUNICATIONS**  
5 **INDUSTRY AND AT SCTG.**

6 A. As SCTG, LLC's in-house counsel, I currently manage all of the Company's legal and  
7 regulatory initiatives, litigation, and relationships with outside counsel, and I am a key  
8 contributor in all of SCTG, LLC's corporate development initiatives. In addition, I am  
9 responsible for all of the Company's human resources, contract negotiations, contract  
10 development, and contract management functions, as well as vendor management  
11 activities. I joined SCTG in 2011 after more than 25 years of combined experience  
12 across multiple industries spanning the defense, telecommunications, cable, and legal  
13 industries. I have served as the Director of Business Development for Comcast Business  
14 Communications in Philadelphia, PA, and as Director of Technical Sales for Teleport  
15 Communications Group of Princeton, NJ, providing commercial telecommunications  
16 services. I began my telecommunications career at AT&T in Bedminster, NJ, in various  
17 management positions within access management, regulatory, product development, sales  
18 and business development. I am a founder, owner, and managing member of Lewis &  
19 Baldwin PLLC, Attorneys at Law, a law firm that counsels small technology and  
20 telecommunications clients in start-up operations, intellectual property protection,  
21 licensing, contract negotiations, contract development, contract compliance, and  
22 litigation.

1     **Q.   HAVE YOU PREVIOUSLY TESTIFIED BEFORE STATE PUBLIC UTILITY**  
2           **COMMISSIONS?**

3     A.   Yes. I've testified before both the Vermont Public Service Board and the South Carolina  
4           Public Service Commission.

6     **Q.   HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE SOUTH CAROLINA**  
7           **COMMISSION?**

8     A.   Yes. I have testified before the Commission in connection with SCTG's initial  
9           Application for a Certificate of Public Convenience and Necessity ("CPCN") to provide  
10          local exchange and interexchange telecommunications services, and for flexible and  
11          alternative regulation previously filed with the Commission. I have also testified before  
12          the Commission in connection with a complaint filed by South Carolina Net, Inc. ("SC  
13          Net"), which is an affiliate of SCTG, against BellSouth Telecommunications, LLC d/b/a  
14          AT&T South Carolina.

16    **Q.   WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

17    A.   By the Application of South Carolina Telecommunications Group Holdings, LLC d/b/a  
18          Spirit Communications To Amend its Certificate of Public Convenience and Necessity  
19          To Provide Facilities-Based and Resold Local Exchange, and for Flexible Regulation of  
20          its Local Exchange Services filed with the Commission on April 26, 2016 (the  
21          "Application"), SCTG seeks to amend its CPCN granted in Commission Order No. 2014-  
22          806, "Order Granting Certificate," for expanded authority to provide facilities-based and  
23          resold local exchange telecommunications services throughout the State of South

1 Carolina (sometime referred to hereinafter as the “State”). The purpose of my direct  
2 testimony is to describe the services SCTG seeks authority to provide, to describe the  
3 geographic areas SCTG seeks to serve, and to demonstrate that SCTG possesses  
4 sufficient technical, financial, and managerial resources to provide local exchange  
5 telecommunications services throughout the State of South Carolina.

6  
7 **Q. PLEASE GIVE A BRIEF OVERVIEW OF SCTG.**

8 A. SCTG is a private company that was organized in the State of South Carolina on  
9 December 29, 2000. SCTG currently holds a CPCN from the State of South Carolina.  
10 SCTG has been providing local exchange services in portions of the State since 2014, and  
11 long distance services throughout the State since 2014. SCTG’s wholly-owned  
12 subsidiary, SC Net, also currently holds a CPCN from the State of South Carolina. SC  
13 Net has been providing long distance services in the State since 1992, and local exchange  
14 services in portions of the State since 2000.

15  
16 **Q. WHAT AREAS DOES SCTG PROPOSE TO SERVE IN THE CURRENT**  
17 **APPLICATION?**

18 A. SCTG proposes to offer local exchange services throughout the State of South Carolina.  
19 Under the authority of SCTG’s current CPCN, SCTG already offers local exchange  
20 services within the present operating areas of BellSouth Telecommunications, Inc. d/b/a  
21 AT&T South Carolina (“AT&T”), Frontier Communications of the Carolinas, Inc.  
22 (“Frontier”), United Telephone Company of the Carolinas, Inc. d/b/a CenturyLink  
23 (“CenturyLink”), and Windstream South Carolina, LLC (“Windstream”). Also, SCTG

1 already offers interexchange services throughout the State of South Carolina under  
2 SCTG's current CPCN.

3  
4 **Q. PLEASE DESCRIBE THE SERVICES SCTG PROPOSES TO OFFER IN SOUTH**  
5 **CAROLINA.**

6 A. SCTG proposes to offer facilities-based local exchange telecommunications services  
7 using both existing and new fiber facilities of its affiliate PalmettoNet, Inc. and special  
8 access facilities purchased from other providers of telecommunications services, as well  
9 as resold local exchange telecommunications services. SCTG intends to provide local  
10 exchange services, custom calling, and Voice over Internet Protocol ("VoIP") features  
11 comparable to custom local area signaling services features, and bundled services such as  
12 local and interexchange services in a combined package. In addition, SCTG will provide  
13 its customers with additional custom calling and class features, access to emergency call  
14 services (e.g. 911), directory assistance, and other ancillary services. SCTG also  
15 proposes to offer resold inbound and outbound interexchange telecommunications  
16 services and operator-assisted services to its presubscribed customers under its existing  
17 statewide authority to provide interexchange telecommunications services. SCTG  
18 intends to offer its local and interexchange services using VoIP switching platforms. All  
19 services are available twenty-four (24) hours a day, seven (7) days a week. A more  
20 complete description of the local services SCTG proposes to offer in South Carolina can  
21 be found in the local exchange services tariff that SCTG will file with the Commission by  
22 June 30, 2016. Subsequent to the filing of its Application to amend its CPCN, SCTG  
23 discovered that the local exchange services tariff that SCTG had proposed in its

1 application for the CPCN granted in 2014, and that had been approved by the  
2 Commission at that time, had not been formally filed with the Commission for inclusion  
3 in the PSC's eTariff system. This was an administrative oversight, which will be  
4 rectified with the filing of the tariff by the end of the month.

5  
6 **Q. DOES SCTG POSSESS SUFFICIENT TECHNICAL AND MANAGERIAL**  
7 **RESOURCES TO PROVIDE THE SERVICES FOR WHICH IT REQUESTS**  
8 **AUTHORITY?**

9 A. Yes. SCTG possesses sufficient technical and managerial resources to provide the  
10 services for which it requests authority. SCTG's key management and technical  
11 personnel have significant experience with local exchange and/or interexchange services  
12 throughout South Carolina, as well as in parts of North Carolina and Georgia. As  
13 previously described, I joined SCTG in 2011 after more than 25 years of combined  
14 experience across multiple industries, including substantial experience in the  
15 telecommunications and cable television industries. A list of other key personnel, and a  
16 selective summary of experience, is attached as Exhibit D to SCTG's Application.

17  
18 **Q. DOES SCTG POSSESS SUFFICIENT FINANCIAL RESOURCES TO PROVIDE**  
19 **THE PROPOSED SERVICES FOR WHICH IT REQUESTS AUTHORITY?**

20 A. Yes, SCTG possesses sufficient financial resources to provide the proposed  
21 services. SCTG's financial statements, attached as Exhibit C to the Application in this  
22 matter, as updated by a subsequent filing with the Commission on June 15, 2016,  
23 demonstrate that SCTG is a financially sound company with substantial plant and

1 facilities in South Carolina. In addition, SCTG's affiliate, SC Net, has been operating in  
2 the State as a competitive local exchange carrier since 2000 and as an interexchange  
3 carrier since 1992.

4  
5 **Q. WILL GRANTING SCTG'S REQUEST SERVE THE PUBLIC INTEREST?**

6 A. Yes. The public interest of the citizens of South Carolina will be served by granting the  
7 Application. First and foremost, SCTG will offer its customers the ability to have  
8 seamless service for local, intrastate, interstate, and international toll calling. SCTG will  
9 enhance competition in the State of South Carolina by offering additional service options  
10 and high service quality to South Carolina telecommunications users. SCTG is a South  
11 Carolina-based company, with employees who live and work in South Carolina, thereby  
12 contributing to the local economy.

13  
14 **Q. WILL THE SERVICE PROVIDED BY SCTG MEET ALL SERVICE**  
15 **STANDARDS THAT THE COMMISSION MAY ADOPT?**

16 A. Yes, it will.

17  
18 **Q. WILL THE PROVISION OF SERVICE BY SCTG ADVERSELY IMPACT THE**  
19 **AVAILABILITY OF AFFORDABLE LOCAL EXCHANGE SERVICE IN SOUTH**  
20 **CAROLINA?**

21 A. No. SCTG's entry into the local market will not disadvantage any telephone service  
22 providers. Consumers in the areas that SCTG proposes to serve will benefit from a wider  
23 choice of services and options at competitive prices. The service provided by SCTG will



1 not adversely impact the availability of affordable local exchange service in South  
2 Carolina.

3  
4 **Q. WILL SCTG ACTIVELY PARTICIPATE IN THE SUPPORT OF**  
5 **UNIVERSALLY AVAILABLE TELECOMMUNICATIONS SERVICE AT**  
6 **AFFORDABLE RATES?**

7 A. Yes. To the extent it may be required to do so by the Commission, SCTG will participate  
8 in the support of universally available telecommunications services at affordable rates.

9  
10 **Q. IS SCTG REQUESTING FLEXIBLE REGULATION OF ITS LOCAL**  
11 **EXCHANGE SERVICE OFFERINGS?**

12 A. Yes. SCTG requests that the Commission regulate its local telecommunications services  
13 in the State in accordance with the principles and procedures established for flexible  
14 regulation in Order No. 98-165 in Docket No. 97-467-C. In Docket Number 97-467-C,  
15 the Commission approved a rate structure that incorporated maximum rate levels with the  
16 flexibility for adjustment below the maximum rate levels. The Commission determined  
17 that local tariff filings would be presumed valid upon filing, subject to the Commission's  
18 right within thirty days to institute an investigation of a tariff filing and that any such  
19 tariff filings would be subject to the same monitoring process as similarly situated  
20 competitive local exchange carriers. SCTG submits that, as a local exchange competitor,  
21 it should be subject to regulatory constraints no greater than those imposed in Docket No.  
22 97-467-C. SCTG therefore requests that its local exchange service tariff filings continue  
23 to be regulated under this form of flexible regulation. The Commission has already

1 granted SCTG flexible regulation for the local exchange telecommunications services  
2 that it currently provides under the authority granted in the Commission's Order No.  
3 2014-806. SCTG requests that the Commission grant flexible regulatory treatment of its  
4 local exchange services in the expanded area in which SCTG seeks authority to serve in  
5 the Application.

6  
7 **Q. DOES SCTG SEEK WAIVERS OF ANY APPLICABLE COMMISSION**  
8 **REGULATIONS WITH REGARD TO SCTG'S OPERATIONS IN SOUTH**  
9 **CAROLINA?**

10 A. Yes. SCTG requests that the Commission grant it a waiver of certain regulatory  
11 requirements as follows:

12 (a) SCTG requests that the Commission waive any rules or regulations that would  
13 require it to keep its financial records in conformance with the Uniform System of  
14 Accounts ("USOA") ("USOA Requirement"). As a competitive service provider,  
15 SCTG currently maintains its books and records in accordance with Generally  
16 Accepted Accounting Principles ("GAAP"). GAAP is used extensively by  
17 interexchange carriers and other competitive local exchange carriers. SCTG's use  
18 of GAAP will ensure that the Commission has a reliable method by which to  
19 evaluate SCTG's operations. The Commission granted SCTG's request for  
20 waiver of the USOA Requirement in Order No. 2014-806. SCTG requests that  
21 the Commission grant a waiver of this same requirement in connection with the  
22 CPCN authority for the expanded area sought in the Application;

- 1 (b) SCTG seeks a waiver of S.C. Code Ann. Regs. 103-631 so that it will not be  
2 required to publish local exchange directories (“Directories Requirement”).  
3 SCTG will make arrangements with those incumbent local exchange carriers  
4 (“ILECs”) that are required to publish directories in areas where SCTG provides  
5 service, whereby the names of SCTG’s customers will be included in any such  
6 directories. These directories will be distributed to SCTG's customers. This  
7 approach is reasonable and will have a direct benefit to the customers of both  
8 SCTG and the ILECs since customers will be able to refer to only one directory  
9 for a universal listing of customer information. The Commission granted SCTG’s  
10 request for waiver of the Directories Requirement in Order No. 2014-806. SCTG  
11 requests that the Commission grant a waiver of this same requirement in  
12 connection with the CPCN authority for the expanded area sought in the  
13 Application;
- 14 (c) SCTG seeks a waiver of the map filing requirement of S.C. Code Ann. Regs. 103-  
15 612.2.3 (“Map Requirement”). SCTG requests statewide certification, and its  
16 service area is, therefore, the State of South Carolina. The Commission granted  
17 SCTG’s request for waiver of the Map Requirement in Order No. 2014-806.  
18 SCTG requests that the Commission grant a waiver of this same requirement in  
19 connection with the CPCN authority for the expanded area sought in the  
20 Application; and
- 21 (d) SCTG requests waivers of any reporting requirements which are not applicable to  
22 competitive providers such as SCTG because such requirements (i) are not  
23 consistent with the demands of the competitive market; or (ii) constitute an undue

burden on a competitive provider, thereby requiring an ineffective allocation of resources.

**Q. WHAT ACTION ARE YOU ASKING THE COMMISSION TO TAKE IN REGARD TO THE APPLICATION?**


A. South Carolina Telecommunications Group Holdings, LLC, d/b/a Spirit Communications, respectfully requests that the Commission approve its Application for an amendment of its Certificate of Public Convenience and Necessity to permit it to provide local exchange telecommunications service throughout the State of South Carolina, as described herein and in the Application in this matter, including the Exhibits thereto, as amended, and which are incorporated herein by reference; grant flexible regulation for those services as described above and as requested in the Application; and grant waivers of the regulatory requirements as described above and as requested in the Application.

**Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

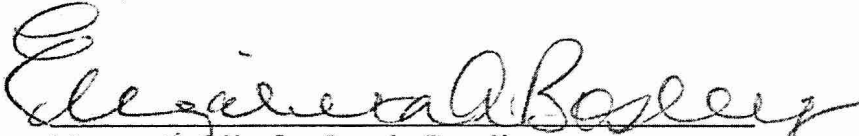
A. Yes, it does.

## VERIFICATION

I, Michael D. Baldwin, first being duly sworn, depose and say that I am Vice President of Business Development, Regulatory, Legal Affairs and Human Resources for SCTG, LLC, which is the parent company of South Carolina Telecommunications Group Holdings, LLC d/b/a/ Spirit Communications and its operating entities; that I have read the foregoing pre-filed testimony and know the contents thereof; and that said contents are true.

  
\_\_\_\_\_  
Michael D. Baldwin

SWORN to before me this 16th day of  
June, 2016.

  
\_\_\_\_\_  
Notary Public for South Carolina

My Commission expires: 8-5-2021

STATE OF SOUTH CAROLINA                    )  
  )  
COUNTY OF RICHLAND                    )     CERTIFICATE OF SERVICE

The undersigned, Carrie L. DeVier, hereby certifies that she is employed by the law firm of Herman & Whiteaker, LLC as attorneys for South Carolina Telecommunications Group Holdings, LLC d/b/a Spirit Communications (“SCTG”) and that she has caused the Direct Testimony of Michael D. Baldwin in Docket No. 2016-180-C to be served by United States Postal Service, first class postage prepaid and affixed thereto, and addressed to the following on June 17, 2016:

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Carrie L. DeVier